OSA - 1/30-66

4 March 1966

Subject: Flip Charts from 3 March 1966 Negotiation Conference

Dear Chuck:

Per your request enclosed please find two (2) copies of the "Flip Chart" material presented during the Spares Negotiation Conference on 3 March 1966.

Regards,

/Jim

Approved For Release 2002/08/12 : CIA-RDP72B00464R000400090022-9

AHch "B"

Flip Chart I - Cost of Spares

Two Major Areas

- I Those elements of cost that can be estimated for each line item of Spares List. These include:
 - Shop Labor a.
 - b. Assembly Labor
 - c. Inspection Labor
 - d. Materials
 - e. Subcontracts
 - f. Finishing
 - g. Overtime Premium
- II Those elements of cost that cannot be estimated for each line item. These include:
 - a. Engineering Support
 - b. Manufacturing Planning & Control
 - c. Inspection Services d. Bulk Type Material

 - e. Travel
 - f. Packing and Shipping

Flip Chart II - Formula for Application of Those Elements of Cost that cannot be estimated for each line item

Let x = Sum of cost that can be estimated for each line item $(X_1 + X_2 + \dots + X_n)$

n = number of spare line items (including 45 day lists, where applicable)

Y = Sum of costs that cannot be estimated on a line item basis.

x + Y + Fee (x + Y) = Z (Total Sales Price of List)

 $\frac{Z}{x} = A$ (Factor to be applied to each line item)

 $A(x_1)$ = Sales price for lst item on List

 $A(x_2)$ = Sales Price for 2nd item on List

 $\Lambda(x_n)$ = Sales Price for Last item on List

and

 $A(x_1) + A(x_2) + \dots + A(x_n) = Z$

STATINTL

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Flip Chart V - Functions of Engineering Support

- 1. Initiate procurement of certain subassemblies from vendors. This effort includes the placing of the requisitions, monitoring of vendors and follow-up.
- 2. Monitoring the effort being performed by Manufacturing, including issuance of MI's to Shops and schedule follow-up.
- 3. Solution of technical problems arising during the manufacturing and testing of spares.
- 4. Maintain liaison with Program Management to effect changes in Spares orders.
- 5. Cost and Schedule control of Spares Effort.

Flip Chart VI - Functions of Manufacturing Support

- 1. MPC Initiation and follow-up on all (except S/AS) Purchase Requisitions and Shop Orders. Cost and Schedule Control for all Manufacturing effort maintained by this group.
- 2. Receiving Inspection Incoming Inspection on all bulk type items procured.
- 3. Inspection Services Maintenance of vendor quality. Includes travel to various vendors for quality surveillance and inspection.
- 4. Packing and Shipping. Packing of all Spares items for shipping. Shipping charges are not included.
- 5. Bulk Materials Certain types of materials cannot be quantified on individual spares items and are quoted here. This includes items such as: epoxy, paint, ink, rivets, varnish, wire, sleeving, etc.

Flip Chart VII - Spares Time Phasing Chart

	1964 1965 1966							
	AMJJ	ASON	DJFM	AMJJ	ASON	DJFM	AMJJ	Remarks
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D-8				on the constitution of the second	The second secon)	

Note: - % Compl. as of 3/12/65:

D-3 - 75% D-4 - 65% D-5 - 55%

Flip Chart VIII - Survey of Project 1942 E System Manufacturing

46 Items Surveyed

	Quantity Quantity				8,083 <u>6,816</u>
				Balance	1,187
Re si du	al Remain	ning in S	tock		<u>3</u> 68
Parts i	Jtilized ((Shrinkag	e)		799

Parts Utilized = 799 = 11.7% Shrinkage Used Requirements 6816

Flip Chart IX ... Survey of Project 4928 Spares Lists 1(E) & 40

66 Items Surveyed

Total Quant: Total Quant:				4,780 <u>4,047</u>
			Balance	733
Residual Sto	ock Rem ai	ing		446
Parts Utili:	z e d			287

Parts Utilized (287) = 7.1% Shrinkage Used Requirements (4,047)

Note: Job in process. More useage anticipated as major assemblies (i.e. Receivers, etc.) have not yet been tested.

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	AMJ	J	ASON	DJFM	AMJJ	ASON	DJFM	AMJJ	Remarks
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